

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

A handwritten signature in black ink, appearing to read "B. Long", is positioned above the printed title of the signatory.

PRESIDENT, BOARD OF EDUCATION

APPROVED BY
BOARD OF EDUCATION
10-3-2023

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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SOUTH COLONIE CENTRAL SCHOOL DISTRICT

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SOUTH COLONIE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED)

JUNE 30, 2023

This section of the South Colonie Central School District's financial report presents its management's discussion and analysis of financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position computed in accordance with GASB No. 34 decreased \$21,960,727 or 9.1%. The decrease is primarily attributable to the net impact of the postemployment benefit adjustment;
- Governmental revenues increased \$8.2 million to \$124.1 million or 7.1%;
- The District has received AA3 bond rating from Moodys; and
- The District continued to offer all programs, maintaining its core academic programs, while maintaining fund balances at levels allowed by state law.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

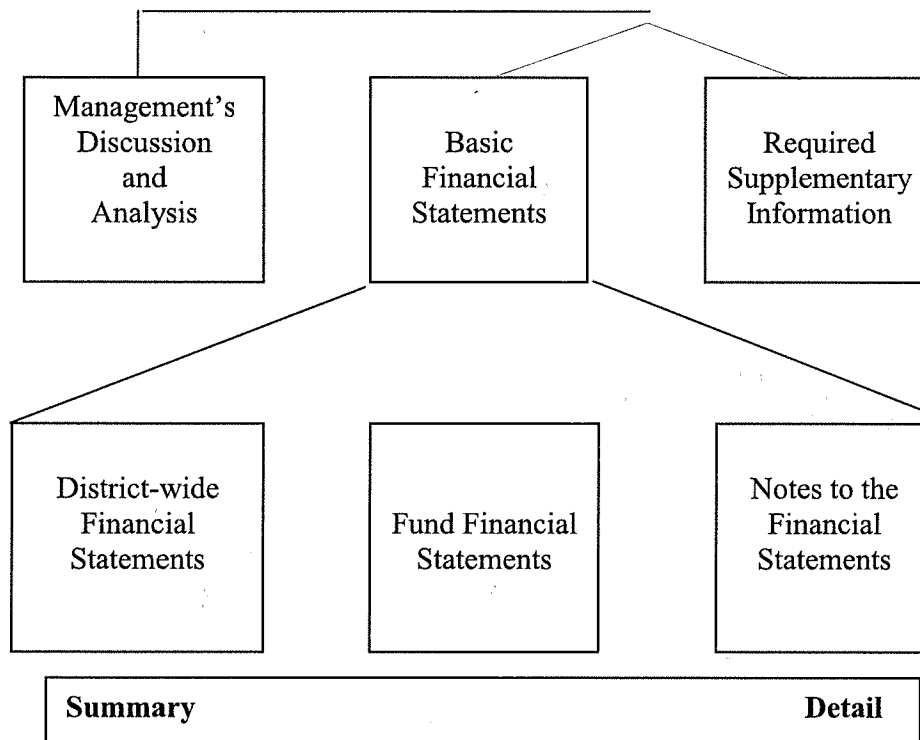
- The first two statements are ***district-wide financial statements*** that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are ***fund financial statements*** that focus on *individual parts* of the District, reporting the operations in *more detail* than the entity-wide statements.
- The ***governmental fund statements*** tell how basic services such as instruction and support functions were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023*

**Table A-1: Organization of South Colonie Central School District's
Comprehensive Annual Financial Report**



SOUTH COLONIE CENTRAL SCHOOL DISTRICT

***MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023***

Table A-2 Summarizes the major features of the District's financial statements, including the portion of the District's activities covered and the types of information contained. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Table A-2: Major Features of the Entity-wide and Fund Financial Statements

	Entity-wide Statements	Fund Financial Statements
Description		Governmental
1. Scope	Entire district (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction
2. Required financial statements	<ul style="list-style-type: none">• Statement of Net Position• Statement of Activities	<ul style="list-style-type: none">• Balance Sheet• Statement of Revenue, Expenditures and Changes in Fund Balances
3. Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus
4. Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
5. Type of inflow and outflow information	All revenue and expenditures during year; regardless of when cash is received or paid	Revenue for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED) JUNE 30, 2023

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenue and expenditures are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they changed. Net position, the difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources management focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalized current outlays for capital assets;
- Report long-term liabilities including debt and compensated absences;
- Depreciate capital assets;
- Calculate revenue and expenditures using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net asset balances as follows:
 - *Net position* invested in capital assets, net of related debt;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* are net assets that do not meet any of the above restrictions.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023*

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has one kind of fund:

- ***Governmental funds***: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information on the next page of the governmental fund statements explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund and capital project funds. Required statements are the Balance Sheet and the Statement of Revenue, Expenditures and Changes in Fund Balances.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

***MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023***

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position computed in accordance with GASB No. 34 decreased \$21.9 million, or 9.1%, to a deficit of 263.2 million in 2023 as detailed in Tables A-3 and A-4.

**Table A-3: Condensed Statement of Net Position - Governmental Activities
(in Thousands)**

	Fiscal Year 2023	Fiscal Year 2022
Current Assets	\$ 31,301	\$ 30,680
Net Pension Assets	-	52,016
Noncurrent and Capital Assets, Net of Depreciation	66,540	62,598
Total Assets	<u>97,841</u>	<u>145,294</u>
Deferred Outflows of Resources	<u>100,103</u>	<u>109,482</u>
Current Liabilities	16,240	12,055
Long-Term Liabilities	353,435	331,557
Total Liabilities	<u>369,675</u>	<u>343,612</u>
Deferred Inflows of Resources	<u>91,446</u>	<u>152,380</u>
Net Position		
Investment in Capital Assets, Net of Related Debt	32,013	26,316
Restricted for Reserves	8,565	7,589
Unassigned (Deficit)	(303,755)	(275,121)
Total Net Position	<u>\$ (263,177)</u>	<u>\$ (241,216)</u>

CHANGES IN NET POSITION

The District's total fiscal year 2023 revenue totaled \$124.1 million as compared to \$115.9 million for 2022 (See Table A-4). Property taxes and state formula aid accounted for most of the District's revenue by contributing approximately 87.0% of every dollar raised for 2023 (See Table A-5). The remainder came from fees charged for services, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$146.1 million for fiscal year 2023 as compared to \$127.8 million for fiscal year 2022. These expenditures are predominately related to general instruction (77.7%) and student support services and transporting students (5.2%) (See Table A-6). The District's administrative, business and operating activities accounted for 11.9% of total costs.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023*

**Table A-4: Changes in Net Position from Operating Results
(in Thousands)**

	Fiscal Year <u>2023</u>	Fiscal Year <u>2022</u>
Revenue		
Program Revenue		
Charges for Services	\$ 2,983	\$ 1,656
Operating Grants	10,398	10,973
General Revenue		
Property Taxes	77,042	75,568
State Formula Aid	30,884	26,242
Investment Earnings	1,222	189
Other	<u>1,590</u>	<u>1,314</u>
Total Revenue	<u>124,119</u>	<u>115,942</u>
Expenditures		
Instruction	113,605	99,843
Pupil Transportation	7,587	6,709
Administration, Business and Operations	17,423	14,040
Other, Including Depreciation	<u>7,465</u>	<u>7,173</u>
Total Expenditures	<u>146,080</u>	<u>127,765</u>
Decrease in Net Position	<u>\$ (21,961)</u>	<u>\$ (11,823)</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023

Table A-5: Sources of Revenue for Fiscal Year 2023

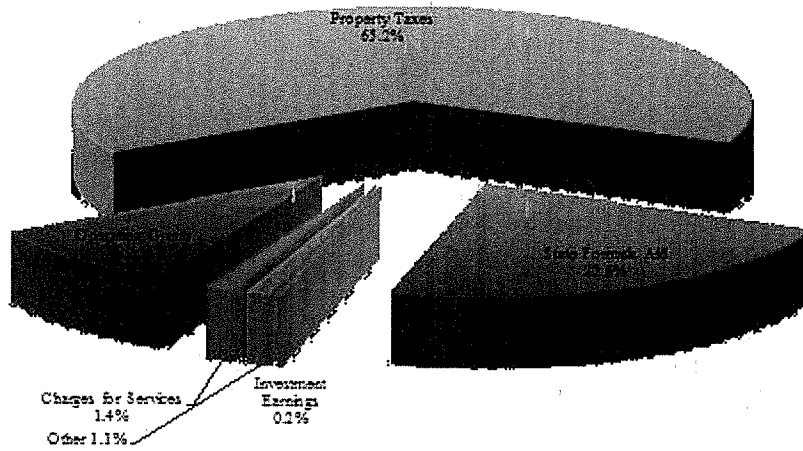
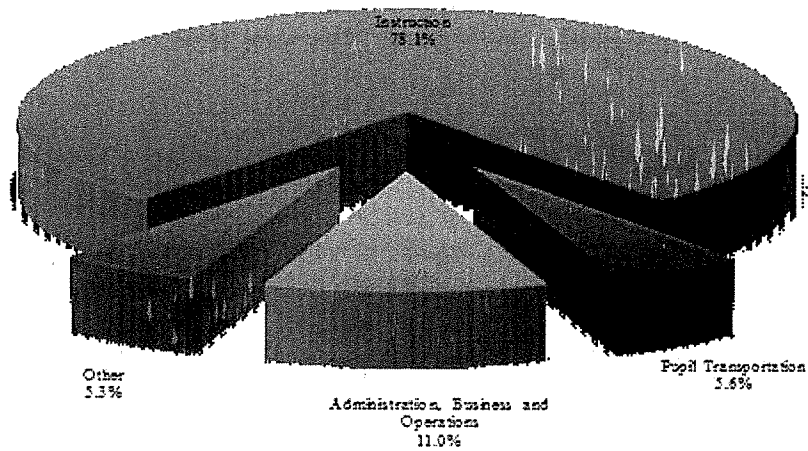


Table A-6: Expenditures for Fiscal Year 2023



SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023*

GOVERNMENTAL ACTIVITIES

Revenue for the District's governmental activities totaled \$124.1 million while total expenditures equaled \$146.1 million in 2023. Therefore, the decrease in net position for governmental activities was \$21.9 million in 2023. The maintenance of the District's financial condition is dependent upon:

- Continued leadership of the District's board;
- Approval of the District's proposed annual budget;
- Continued state and federal aid

Table A-7 presents the cost of four major District activities: instruction, pupil transportation, administration, business and operations and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for special programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**Table A-7: Net Cost of Governmental Activities
(in Thousands)**

<u>Category</u>	<u>Fiscal Year 2023</u>		<u>Fiscal Year 2022</u>	
	<u>Total Cost</u>	<u>Net Cost</u>	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	\$ 113,605	\$ 102,888	\$ 99,843	\$ 90,325
Pupil Transportation	7,587	7,466	6,709	6,618
Administration, Business and Operations	17,423	17,423	14,040	14,040
Other	7,465	4,922	7,173	4,152
Total	<u>\$ 146,080</u>	<u>\$ 132,699</u>	<u>\$ 127,765</u>	<u>\$ 115,135</u>

The cost of all governmental activities in 2023 was \$146.1 (Statement of Activities-Expenditures column).

- The users of the District's programs financed some of the cost (\$3.0 million) in 2023 (Statement of Activities-Charges for Services and Sales column).
- In 2023, the federal and state governments subsidized certain programs with grants and contributions (\$10.4 million) (Statement of Activities-Operating Grants column).
- Most of the District's net costs (\$130.0 million) were financed by District taxpayers and state and federal aid in 2023 (Statement of Activities-Net (Expenditures) Revenue and Change in Net Position column).

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

***MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023***

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

The general fund equity increased by \$790,262 and increased by \$2,603,096 in 2023 and 2022, respectively. The school lunch fund equity increased by \$345,548 and increased by \$946,491 in 2023 and 2022, respectively. The capital projects fund equity decreased by \$5,438,465 and increased by \$5,790,957 in 2023 and 2022, respectively.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its budget several times. These budget amendments fall into two categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances and encumbrances carried over from the prior year.
- Changes made to account for significant events.

The District had two amendments during fiscal year 2023. The original budget was amended to include encumbrances carried over from the prior year of \$96,756. Amendments totaling \$17,369 for miscellaneous items increased miscellaneous revenue.

No other budgetary variances are considered to be significant during fiscal year 2023.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

***MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023***

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table reflects the total cumulative cost of various building renovations and additions, technology and equipment expenditures through the end of fiscal year 2023 and 2022:

**Table A-8: Capital Assets
(in Thousands)**

<u>Category</u>	<u>Fiscal Year-End 2023</u>	<u>Fiscal Year-End 2022</u>
Land and Land Improvements	\$ 1,992	\$ 1,992
Buildings	119,791	119,678
Machinery and Equipment	11,031	9,524
Vehicles	8,333	7,773
Construction in Progress	8,637	1,742
Total	<u>\$ 149,784</u>	<u>\$ 140,709</u>

Long-Term Debt

At fiscal year-end 2023 and 2022, the District had \$20.6 and \$22.8 million, respectively, in general obligation bonds outstanding. More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements. During fiscal years ended 2023 and 2022, the District paid down its debt, retiring \$2.3 and \$1.9 million of outstanding bonds, respectively.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

***MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2023***

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the School District was aware of the following existing circumstances which may impact its financial position in the future:

Public school districts in New York State continue to operate under a school tax levy cap which limits the amount of tax revenue that can be raised each year. Tax levy increases are limited to the lesser of two percent or the rate of inflation, subject to exemptions and other adjustments. The tax levy limit impacts the District's ability to raise revenue to support school programs. The rate of inflation this year is anticipated to exceed the allowable levy limit. The property assessment base has remained stable with modest increases. It is anticipated the outcome of current property assessment challenges will have a minimal effect on the School District's overall tax base.

District enrollment is expected to remain stable. The District has experienced fluctuation in costs for health insurance and pension contributions, at times exceeding the rate of inflation. Program and student support service needs, mandates and new academic standards at the State and Federal level may require additional resources. New York State's commitment to fully fund Foundation Aid, coupled with the allocation of over \$9 million dollars in Federal Stimulus funds over the next several years will help to stabilize revenues and provide funding to meet program and operational needs. Going forward, the allocation of State and Federal support to schools remains a critical factor in maintaining the District's financial position. Collectively, these factors will affect the District's current and future operating budgets.

To respond to the changing environment, the School District continues to engage in programmatic and operational review, as it seeks opportunities for technology integration, shared services, re-allocation of resources and greater efficiency district-wide. The School District is embarking on a comprehensive capital project, approved by the voters in October 2022, to improve facilities for today's students, teachers, and staff, and the next generation of South Colonie students. To promote long-term fiscal sustainability, the District continues to explore cost savings measures and engage in long-term planning for contractual wages and benefits. The School District continually strives to provide the best possible educational program for our students, moderate tax increases for the school community and protect the financial integrity of the District.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability with the money it receives. If you have questions about this report or need additional financial information, please contact:

South Colonie Central School District
Attn: Jacqlene McAllister
Assistant Superintendent for
Management Services and Strategic Planning
102 Lorelee Drive
Albany, New York 12205
(518) 869-3576

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

*MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)*

JUNE 30, 2023

Principal Officers Who Served

Board of Education

Mr. Brian Casey, President
Ms. Stephanie Cogan, Vice President
Ms. Rose Gigliello
Mr. Christopher Larrabee
Mr. David Kiehle
Mr. Robert Mesick
Ms. Colleen Gizzi (July 2022-October 2022)
Mr. Michael Keane
Mr. James (Tim) Ryan
Mr. Thomas Blakley (May 2023-June 2023)

Superintendent

Dr. David Perry

Deputy Superintendent

Mr. Timothy Backus

Assistant Superintendent for Management
Services and Strategic Planning

Ms. Jacqlene McAllister

Assistant Superintendent for Human Resources
and Safe Schools

Mr. Christopher Robilotti

Business Administrator/District Treasurer

Ms. Anjelieeque Martinez

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Certified Public Accountants LLC
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MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
South Colonie Central School District
Albany, New York

Report on Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities of South Colonie Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise South Colonie Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of South Colonie Central School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereto for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are fully described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Colonie Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about South Colonie Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Colonie Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Colonie Central School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedules of funding progress - other postemployment benefit plans, proportionate share of net pension asset/liability and district contributions - pension plans on pages 1-13 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Colonie Central School District's basic financial statements. The accompanying other supplementary information on pages 53-57 and the schedule of expenditures of federal awards on page 63, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 2, 2023

SOUTH COLONIE CENTRAL SCHOOL DISTRICT**STATEMENT OF NET POSITION (DEFICIT)****JUNE 30, 2023****ASSETS AND DEFERRED OUTFLOWS OF RESOURCES****Current Assets:**

Unrestricted Cash	\$ 18,353,298
Restricted Cash	8,565,398
State and Federal Aid Receivable	3,645,605
Due from Other Governments	8,088
Other Receivables - Net	636,094
Inventories	92,175
Total Current Assets	<u>31,300,658</u>

Noncurrent Assets:

Depreciable Capital Assets - Net	47,246,017
Non-depreciable Capital Assets	10,629,005
Right of Use Assets	174,000
Due from Health Insurance Consortium	8,491,099
Total Noncurrent Assets	<u>66,540,121</u>

Total Assets 97,840,779

Deferred Outflows of Resources:

Related to Pensions	34,146,207
Related to OPEB	65,957,238
Total Deferred Outflows of Resources	<u>100,103,445</u>

Total Assets and Deferred Outflows of Resources \$ 197,944,224

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)**Current Liabilities:**

Accounts Payable	\$ 1,648,853
Bond Anticipation Notes	3,974,395
Current Portion of Bonds Payable	1,720,000
Current Portion of Operating Leases Payable	99,681
Accrued Interest Payable	413,723
Due to Other Governments	2,183
Due to Retirement Systems	6,581,826
Accrued Expenses	967,915
Agency Payroll Liabilities	425,927
Unearned Revenue	405,490
Total Current Liabilities	<u>16,239,993</u>

Noncurrent Liabilities:

Bonds Payable	18,850,000
Operating Leases Payable	74,319
Postemployment Benefits	318,140,383
Workers' Compensation	850,690
Proportionate Share of Net Pension Liability	12,375,806
Compensated Absences	1,825,683
Unamortized Bond Premium	1,317,975
Total Noncurrent Liabilities	<u>353,434,856</u>

Total Liabilities 369,674,849

Deferred Inflows of Resources:

Related to Pensions	2,944,340
Related to OPEB	88,502,100
Total Deferred Inflows of Resources	<u>91,446,440</u>

Net Position (Deficit):

Invested in Capital Assets, Net of Related Debt	32,012,652
Restricted for Reserves	8,565,398
Unassigned Deficit	(303,755,115)
Total Net Position (Deficit)	<u>(263,177,065)</u>

Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit) \$ 197,944,224

SOUTH COLONIE CENTRAL SCHOOL DISTRICT**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenditures	Program Revenue		Net (Expenditures) Revenue and Change in Net Position
		Charges for Services and Sales	Operating Grants	
General Support	\$ 17,422,568	\$ -	\$ -	\$ (17,422,568)
Instruction	113,605,476	1,995,803	8,721,085	(102,888,588)
Pupil Transportation	7,586,837	-	120,322	(7,466,515)
Community Services	113,233	-	-	(113,233)
Debt Service - Interest	789,926	-	-	(789,926)
Cost of Cafeteria Sales	2,197,708	986,938	1,556,318	345,548
Depreciation - Unallocated	4,364,478	-	-	(4,364,478)
Total Functions and Programs	<u>\$ 146,080,226</u>	<u>\$ 2,982,741</u>	<u>\$ 10,397,725</u>	<u>(132,699,760)</u>

General Revenue

Real Property Taxes	77,042,120
Use of Money and Property	1,221,623
Sale of Property and Compensation for Loss	91,215
Miscellaneous	1,340,267
State Aid	30,884,620
Federal Aid	<u>159,188</u>
Total General Revenue	<u>110,739,033</u>
Change in Net Position	(21,960,727)
Net Position (Deficit) - Beginning of Year	<u>(241,216,338)</u>
Net Position (Deficit) - End of Year	<u>\$ (263,177,065)</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Other Special Revenue</u>	<u>Total Governmental Funds</u>
Assets						
Unrestricted Cash	\$ 13,581,325	\$ 441,641	\$ 1,964,017	\$ 2,006,473	\$ 359,842	\$ 18,353,298
Restricted Cash	8,565,398	-	-	-	-	8,565,398
State and Federal Aid Receivable	2,019,540	1,526,197	99,868	-	-	3,645,605
Due From Other Governments	8,088	-	-	-	-	8,088
Other Receivables, Net	629,613	6,437	44	-	-	636,094
Due From Other Funds	1,699,738	-	-	-	-	1,699,738
Inventories	-	-	92,175	-	-	92,175
Total Assets	<u>\$ 26,503,702</u>	<u>\$ 1,974,275</u>	<u>\$ 2,156,104</u>	<u>\$ 2,006,473</u>	<u>\$ 359,842</u>	<u>\$ 33,000,396</u>
Liabilities						
Accounts Payable	\$ 1,445,988	\$ 165,400	\$ 10,714	\$ 26,751	\$ -	\$ 1,648,853
Bond Anticipation Notes	-	-	-	3,974,395	-	3,974,395
Due to Other Funds	-	1,698,151	-	1,587	-	1,699,738
Due to Other Governments	2,150	-	33	-	-	2,183
Due to Retirement Systems	6,581,826	-	-	-	-	6,581,826
Accrued Expenses	952,835	8,151	6,929	-	-	967,915
Agency Payroll Liabilities	425,927	-	-	-	-	425,927
Unearned Revenue	258,490	102,573	44,427	-	-	405,490
Total Liabilities	<u>9,667,216</u>	<u>1,974,275</u>	<u>62,103</u>	<u>4,002,733</u>	<u>-</u>	<u>15,706,327</u>
Fund Balance						
Nonspendable:						
Inventories	-	-	92,175	-	-	92,175
Restricted:						
Workers Compensation Reserve	380,578	-	-	-	-	380,578
Unemployment Insurance Reserve	46,954	-	-	-	-	46,954
Reserve for Retirement Contributions	3,888,884	-	-	-	-	3,888,884
Insurance Reserve	47,672	-	-	-	-	47,672
Reserve for Tax Certiorari	423,285	-	-	-	-	423,285
Reserve for Employee Benefit Accrued Liability	1,519,464	-	-	-	-	1,519,464
Capital Reserve	2,005,159	-	-	-	-	2,005,159
Other Restricted Fund Balance	253,402	-	-	-	-	253,402
Total Restricted Fund Balance	<u>8,565,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,565,398</u>
Assigned:						
Encumbrances	135,932	-	-	-	-	135,932
Designated for Subsequent Year's Expenditures	2,900,000	-	-	-	359,842	3,259,842
Total Assigned Fund Balance	<u>3,035,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>359,842</u>	<u>3,395,774</u>
Unassigned	5,235,156	-	2,001,826	(1,996,260)	-	5,240,722
Total Fund Balance	<u>16,836,486</u>	<u>-</u>	<u>2,094,001</u>	<u>(1,996,260)</u>	<u>359,842</u>	<u>17,294,069</u>
Total Liabilities and Fund Balance	<u>\$ 26,503,702</u>	<u>\$ 1,974,275</u>	<u>\$ 2,156,104</u>	<u>\$ 2,006,473</u>	<u>\$ 359,842</u>	<u>\$ 33,000,396</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND
BALANCES TO NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

TOTAL BALANCES FOR GOVERNMENTAL FUNDS \$ 17,294,069

Amounts reported for governmental activities in the statement of net position (deficit) are different because:

Right of Use Assets 174,000

Operating Lease Payable (174,000)

Net Capital assets that were acquired or disposed of in current and prior periods are recognized as governmental fund economic resources net of accumulated depreciation. 57,875,022

Bonds payable are long term liabilities and are not reported in the governmental funds statements. (20,570,000)

Bond premium is reported in the governmental funds as revenue in the year received but is reported as a liability in the district-wide statements to be amortized over life of bond. (1,317,975)

Workers' Compensation liabilities are long-term liabilities and are not reported in the governmental funds statement (850,690)

Compensated absences are long-term liabilities and are not reported in the governmental funds statement. (1,825,683)

Interest payable at June 30, 2023 is recognized in the district-wide statements under full accrual accounting. No accrual is recorded in the governmental fund statements for interest that was not paid from current financial resources. (413,723)

Postemployment benefit liability and deferred inflows/outflows of resources related to postemployment benefits are not recorded in the governmental funds, but are reflected in the statement of net position. (340,685,245)

Net pension assets/liabilities and deferred inflows/outflows of resources related to pensions are not recorded in the governmental funds, but are reflected in the statement of net position. 18,826,061

Long-term receivable due from health insurance consortium. 8,491,099

Net Position (Deficit) of Governmental Activities **\$ (263,177,065)**

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT) - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Other Special Revenue</u>	<u>Total Governmental Funds</u>
Revenue						
Real Property Taxes	\$ 70,570,260	\$ -	\$ -	\$ -	\$ -	\$ 70,570,260
Other Real Property Tax Items	6,471,860	-	-	-	-	6,471,860
Charges for Services	1,995,803	-	-	-	-	1,995,803
Use of Money and Property	1,220,969	-	-	-	654	1,221,623
Sale of Property and Compensation for Loss	91,215	-	-	-	-	91,215
Miscellaneous	950,941	187,451	9,612	43,436	272,896	1,464,336
State Aid	30,884,620	1,812,017	37,084	-	-	32,733,721
Federal Aid	159,188	6,798,503	1,519,234	-	-	8,476,925
Sales	-	-	977,326	-	-	977,326
Total Revenue	<u>112,344,856</u>	<u>8,797,971</u>	<u>2,543,256</u>	<u>43,436</u>	<u>273,550</u>	<u>124,003,069</u>
Other Sources						
Interfund Transfers	325,053	312,432	-	2,493,527	-	3,131,012
Total Revenue and Other Sources	<u>112,669,909</u>	<u>9,110,403</u>	<u>2,543,256</u>	<u>2,536,963</u>	<u>273,550</u>	<u>127,134,081</u>
Expenditures						
General Support	10,200,837	105,181	-	-	256,049	10,562,067
Instruction	62,105,453	8,263,569	721,050	-	-	71,090,072
Pupil Transportation	4,498,831	120,322	-	-	-	4,619,153
Community Services	68,940	-	-	-	-	68,940
Employee Benefits	28,293,642	595,823	261,907	-	-	29,151,372
Debt Service	3,905,985	-	-	-	-	3,905,985
Cost of Cafeteria Sales	-	-	965,997	-	-	965,997
Capital Outlay	-	-	-	8,402,329	-	8,402,329
Other Expenses	-	-	248,754	-	-	248,754
Total Expenditures	<u>109,073,688</u>	<u>9,084,895</u>	<u>2,197,708</u>	<u>8,402,329</u>	<u>256,049</u>	<u>129,014,669</u>
Other Uses						
Interfund Transfers	2,805,959	25,508	-	299,545	-	3,131,012
Total Expenditures and Other Uses	<u>111,879,647</u>	<u>9,110,403</u>	<u>2,197,708</u>	<u>8,701,874</u>	<u>256,049</u>	<u>132,145,681</u>
Excess (Deficiency) of Revenue Over Expenditures	790,262	-	345,548	(6,164,911)	17,501	(5,011,600)
Other Financing Sources						
BAN Redeemed From Appropriations	-	-	-	726,446	-	726,446
Net Change in Fund Balance	790,262	-	345,548	(5,438,465)	17,501	(4,285,154)
Fund Balance, Beginning of Year	<u>16,046,224</u>	<u>-</u>	<u>1,748,453</u>	<u>3,442,205</u>	<u>342,341</u>	<u>21,579,223</u>
Fund Balance (Deficit), End of Year	<u>\$ 16,836,486</u>	<u>\$ -</u>	<u>\$ 2,094,001</u>	<u>\$ (1,996,260)</u>	<u>\$ 359,842</u>	<u>\$ 17,294,069</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (4,285,154)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as additions to capital assets under the full accrual basis of accounting. 10,000,957

Depreciation expense is recorded under the full accrual basis of accounting. (4,364,478)

Loss on asset disposition is recorded under the full accrual basis of accounting. (6,899)

Interest (expense) benefit is reported in the governmental funds as the amount paid during the year. Adjustments are made to record the accrued interest expense under the full accrual basis of accounting. 39,962

The net workers' compensation liability change in balance is reported as an (increase)/reduction of liability when incurred/paid under full accrual accounting. (850,690)

The net compensated absences change in balance is reported as an (increase)/reduction of liability when incurred/paid under full accrual accounting. 375,164

The current year's various debt principal payments are recognized as a reduction of liability when paid and are not reported as expenditures in the district-wide statements. 2,275,000

Certain postemployment benefits are recognized as an expense in the statement of activities under full accrual accounting. (20,939,695)

Certain changes to pension expense are not reflected in the governmental funds, but are reflected in the statement of activities. (2,692,680)

Decrease in long-term receivable due from consortium. (1,635,543)

Amortization of bond premium is recorded as an offset to expense under the full accrual basis of accounting. 123,329

Change in Net Position (Deficit) of Governmental Activities **\$ (21,960,727)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the South Colonie Central School District (“the School District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below.

A. Reporting Entity

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial statements include all funds of the School District as well as the component units and other organizational entities determined to be includible in the School District’s financial reporting entity.

The decision to include a potential component unit in the School District’s reporting entity is based on criteria set forth in GASB Statement 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of the activity included in the School District’s reporting entity:

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the South Colonie Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The cash and investment balances are reported in the Agency Funds of the School District. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at pages 68-74 of this document.

B. Joint Ventures

BOCES

The School District is a component district in Capital Region BOCES. BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law.

A BOCES’ budget is comprised of separate budgets for administrative, program and capital costs. Each component district’s share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7).

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Ventures (Continued)

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

During the year ended June 30, 2023, the School District was billed approximately \$4,138,458 related to Capital Region BOCES administrative and program costs. The financial statements for the Capital Region BOCES are available from the BOCES administrative offices at 900 Watervliet-Shaker Road, Albany, New York 12205. The School District's share of BOCES income amounted to approximately \$1,351,222.

C. Basis of Presentation

The School District's financial statements are presented on a government-wide and governmental fund basis in accordance with GASB Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. As a result, these financial statements include a management discussion and analysis of the School District's overall financial position and results of operations and financial statements prepared using full accrual accounting for all of the School District's activities.

Government-wide Financial Statements

The government-wide financial statements present aggregated information for the overall government, excluding activities reported in fiduciary funds, on a full accrual, economic resource basis. This government-wide focus is more on the sustainability of the School District as an entity and the change in the School District's net assets resulting from the current year's activities. Internal fund transactions, including, but not limited to, operating transfers, receivables and payables have been eliminated. Government-wide financial statements include a statement of net position and a statement of activities.

The statement of net position recognizes all current and non-current assets including capital assets as well as long-term debt and obligations. The School District's net position is reported in three parts: invested in capital assets, net of related debt and accumulated depreciation; restricted net assets due to legal limitations imposed on their use by legislation or external restrictions by other position; and unrestricted net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses (including depreciation) and related program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services are allocated among the programs and functions using appropriate allocation methods such as payroll costs and square footage. Program revenue includes charges paid by the recipient for the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The School District's primary program revenue is operating grants. Revenue which is not classified as program revenue is presented as general revenue and consist primarily of property taxes, investment earnings, and state and federal aid.

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the School District's funds. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The focus of governmental fund financial statements is on major funds rather than reporting funds by type with each major fund presented in a separate column. The following funds are used by the School District.

- a. General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.
- b. Special Aid and School Lunch - is used to account for the proceeds of specific revenue sources such as federal and state grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use, other than expendable trusts or major capital projects. These legal restrictions may be imposed by either governments that provide the funds or outside parties.
- c. Capital Project Funds - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities for the funds each capital project is assessed to determine whether it is a major or non-major fund.
- d. Other Special Revenue - These funds are used to account for trust endowment activity for scholarship and awards and extraclassroom activity.

Government-wide and Fiduciary Fund Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenditures are recorded at the time the liabilities are incurred regardless of when the related cash flows take place. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property and utility taxes, grants and donations. On an accrual basis, revenue from nonexchange transactions are recognized in the fiscal year for which the taxes are levied or the underlying transaction takes place. Revenue from grants and donations are recognized in the fiscal year in which the eligibility requirements have been satisfied. This approach differs from the manner in which governmental fund financial statements are prepared. The governmental fund financial statements are reconciled to the government-wide financial statements in separate financial statements.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus

Government-wide and Fiduciary Fund Financial Statements (Continued)

The basis of accounting determines when revenue and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Measurement focus is the determination of what is measured. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and interfund balances are included in the fund types on the balance sheet. Operating statements of these fund types present increases (*i.e.*, revenue and other financing sources) and decreases (*i.e.*, expenditures and other financing uses) in fund equity.

Governmental Fund Financial Statements

Modified Accrual Basis - accounting principles generally accepted in the United States of America and the New York State Uniform System of Accounts for School Districts require that the School District use the modified accrual basis of accounting for recording transactions in its governmental fund types and expendable trust and agency funds as applicable. Under this basis of accounting, revenue is recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition for governmental fund revenue. Material revenue that is susceptible to accrual include charges for services, intergovernmental revenue and operating transfers. If expenditures are the prime factor for determining eligibility, revenue from federal and state grants are accrued when the expenditure is made. Expenditures are recorded when the fund liability is incurred except that:

- a. Expenditures for prepaid items are recognized at the time of disbursement when the School District is liable for payment.
- b. Principal and interest on long-term debt is recognized as an expenditure when due.
- c. Interest on short-term debt is recognized as an expenditure when due.
- d. Pension costs are recognized as an expenditure when billed by the State.
- e. Compensated absences for vacation leave and other compensated absences with similar characteristics should be accrued as a liability when expected to be paid in the following year.
- f. Certiorari claims paid and real estate tax reductions are recognized as expenditures upon receipt of court orders.

Accounts Receivable

Accounts receivable are shown as gross with uncollectible amounts recognized using the direct write-off method. No allowance for uncollectible accounts has been provided since it is estimated that such allowance would not be material.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Inventories

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

Capital Assets and Depreciation

Capital assets are reported at actual or estimated historical cost based on appraisal or deflated current replacement cost. Contributed assets are reported at estimated fair market values at the time received.

Capital assets with a minimum depreciable base of \$500 are depreciated in the government-wide financial statements using the straight-line method, and capital assets below this threshold being expensed in the year acquired. Estimated useful lives of the various classes of depreciable assets are as follows: buildings - 15 to 30 years, building improvements - 10 to 30 years, land improvements - 15 to 20 years, machinery and equipment - 10 to 20 years, vehicles and trucks - 5 to 10 years, and equipment and furniture - 5 to 15 years.

Short-Term Debt

The School District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the School District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Unearned Revenue and Deferred Outflows and Inflows of Resources

The School District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the School District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are generally three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item relates to both pensions and OPEB items reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension asset or liability and differences during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Lastly is the School District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to premium on installment purchase debt, the School District has two other items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue. The second item relates to both pensions and OPEB items reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension liability and differences during the measurement periods between the School District's contributions and its proportionate share of total contributions to the pension system not included in pension expense.

Postemployment Benefits

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits by the School District is in the same proportion of current employees as stated in the various contracts. The School District recognizes the cost of providing health insurance by recording insurance premiums (for retirees and their dependents) as an expenditure in the year paid. (See Note 7 for additional information on GASB 75).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Fund Balance-Reservations and Designations

The School District has implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

1. Assigned Fund Balance Policy

The School District's Assigned Fund Balance is a fund balance reporting occurring by School Board Administration authority, under the direction of the Business Administrator/District Treasurer.

The Administration's accounting software utilizes encumbrance-based accounting. As of June 30, 2023 there was a cumulative \$135,932 in non-restricted encumbrances included in the general assigned fund balance. Additionally, \$2,900,000 has been appropriated for the ensuing years budget.

2. Order of Fund Balance Spending Policy

The School District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

3. Categories

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District Board and contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements such as the award of a bid by the School District Board.

Assigned fund balance includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the School District or designated by the School District Board for the ensuing year's budget.

Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Fund Balance-Reservations and Designations (Continued)

4. Unassigned Fund Balance

NYS Real Property Tax Law §1318 restricts the unreserved, unassigned fund balance of the General Fund to an amount not greater than 4% of the School District's budget for the ensuing fiscal year.

5. Restricted Fund Balance

Fund balance restrictions are created to satisfy legal restrictions or plan for future expenditures. The following restricted funds are available to school districts within the State of New York. These restricted funds are established through Board action or voter approval and a separate identity must be maintained for each restriction. Earnings on the invested resources become part of the respective restricted funds; however, separate bank accounts are not necessary for each restricted fund. The following is a description of the restrictions utilized by the School District.

Reserve for Retirement Contributions

Authorized by General Municipal Law §6-r, the Retirement Contribution Reserve is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. An additional teacher's retirement reserve has also been established. This reserve is accounted for in the General Fund.

Reserved for Tax Certiorari

Tax Certiorari Reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgements and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the General fund.

Reserve for Employee Benefit Accrued Liability

Reserve for Employee Benefit Accrued Liability (General Municipal Law §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other services and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Fund Balance-Reservations and Designations (Continued)

5. *Restricted Fund Balance (Continued)*

Reserve for Insurance Claims

The School District is insured through a self insurance plan for workers' compensation and administrators disability (General Municipal Law §6-j). Additionally, the School District has provided for a reserve for unemployment insurance to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserves are funded annually through budgetary provisions in the General Fund and, in the opinion of management, are adequate to fund the eventual loss on claims arising prior to year end.

E. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education and approved by the voters within the School District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations of \$57,866 occurred during the year (Schedule #5).

2. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

F. Premium on Installment Purchase Debt

The School District was issued serial bonds at an original issue premium of \$1,849,961. The premium is amortized over the life of the debt using the effective interest method.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 for collection during the period from September 1 through October 31.

Enforcement

Uncollected real property taxes are subsequently enforced by the counties of Albany and Schenectady, in which the School District is located. An amount representing uncollected real property taxes transmitted to each county for enforcement is paid to the School District no later than the forthcoming April 1.

Unencumbered Balances

Expenditures for general support-special items were over-budget by \$326,793.

Deficit Fund Balances

Capital projects funds has a deficit of \$1,996,260 which will be resolved with future bond issues.

Interfund Transfers

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

Future Changes in Accounting Standards

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance. The School District will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from the estimates.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through October 2, 2023, the date the financial statements were available to be issued. No such events or transactions were noted.

3. CASH AND INVESTMENTS

1. Cash

The School District's aggregate bank balances are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the School District's agent in the School District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the School District's name, or (3) uncollateralized. Total bank balances at June 30, 2023 were \$29,498,659. The bank balance is fully insured by the FDIC or FSLIC, or collateralized by securities held by a third party in the School District's name.

2. Investment and Deposit Policy

The School District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Assistant Superintendent for Finance and Operations.

3. Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The School District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

4. Credit Risk

The School District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The School District's investment and deposit policy authorizes the School District to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

5. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the School District's investment and deposit policy, all deposits of the School District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The School District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical ratings organizations.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

4. DUE FROM HEALTH INSURANCE TRUST AND WORKERS' COMPENSATION ACCRUAL

Health Insurance Trust

The School District is a member in the Capital Area Schools Health Insurance Consortium (the "Consortium"). The Consortium is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 511(c)(9) of the Internal Revenue Code. The Consortium includes New York public school districts located in Albany, Fulton, Montgomery, Rensselaer, Schenectady, Schoharie and Washington Counties. The Consortium was formed May 1, 1994, to allow member schools to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Consortium is not liable for any medical, dental or prescription drug claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual members are liable for any claims in excess of the balances maintained by the Consortium. As of June 30, 2023, the School District's prescription drug and dental plan account balance maintained by the Consortium is \$3,789,367 of which \$609,878 is estimated as the outstanding estimated liability for the self-insured prescription drug and dental plan. The excess balance of \$3,179,489 has been recorded as Due from Health Insurance Trust on the statement of net position (deficit). The School District also has a premium settlement recovery fund with the Consortium in the amount of \$5,311,610 as of June 30, 2023.

Due from Health Insurance Trust consists of the following:

Excess deposits for self-insured drug and dental plan	\$ 3,179,489
Premium settlement recovery fund	<u>5,311,610</u>
	<u>\$ 8,491,099</u>

The School District, through its health insurance trusts and workers' compensation plan, establishes a liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the School District:

	<u>Prescription Drug and Dental</u>	<u>Workers' Compensation</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 484,248	\$ 594,063
Incurred claims and claim adjustment expenses	6,288,703	596,504
Payments made for claims during the current year	<u>(6,163,073)</u>	<u>(339,877)</u>
Total unpaid claim adjustment expenses at end of year	<u>\$ 609,878</u>	<u>\$ 850,690</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

5. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund receivables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. Transactions are recorded in the accounting system and payments between funds are made.

Interfund balances at June 30, 2023 and for the year then ended are as follows:

	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 325,053	\$ 2,805,959	\$ 1,699,738	\$ -
Special Aid Fund	312,432	25,508	-	1,698,151
Capital Projects	2,493,527	299,545	-	1,587
Total	<u>\$ 3,131,012</u>	<u>\$ 3,131,012</u>	<u>\$ 1,699,738</u>	<u>\$ 1,699,738</u>

6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 1,992,456	\$ -	\$ -	\$ 1,992,456
Buildings	119,677,677	113,620	-	119,791,297
Machinery and Equipment	9,524,534	1,583,109	(76,299)	11,031,344
Vehicles	7,772,829	1,409,525	(849,141)	8,333,213
Construction in Progress	<u>1,741,846</u>	<u>8,402,328</u>	<u>(1,507,625)</u>	<u>8,636,549</u>
	<u>140,709,342</u>	<u>11,508,582</u>	<u>(2,433,065)</u>	<u>149,784,859</u>

Less Accumulated Depreciation:

Buildings	76,272,081	3,152,631	-	79,424,712
Machinery and Equipment	7,159,992	620,297	(69,400)	7,710,889
Vehicles	<u>5,031,827</u>	<u>591,550</u>	<u>(849,141)</u>	<u>4,774,236</u>
	<u>88,463,900</u>	<u>\$ 4,364,478</u>	<u>\$ (918,541)</u>	<u>91,909,837</u>

Net Capital Assets	<u>\$ 52,245,442</u>	<u>\$ 57,875,022</u>
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GASB Statement No. 34 requires the School District to record capital assets in the financial statements, and to reflect depreciation on its capital assets. The School District's capitalization policy increases the capitalization threshold to \$5,000 for financial reporting purposes. Capital assets below this threshold are now recorded as an expense in the year acquired. Any construction in progress completed during the year has been reclassified to the appropriate capital asset category and reflected as a transfer.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

7. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM

Teachers' Retirement System

Plan Description

As an employer, the School District makes contributions to the New York State Teachers' Retirement System (the "System"), a cost-sharing, multiple-employer defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability and death benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395, or by referring to the System's website at www.nystrs.org.

Funding Policy

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate applicable to member salaries and adopted annually by the Retirement Board. The actuarially determined contribution rate applicable to 2022-23 member salaries was 9.8%. Tier 3 and 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The School District is required to contribute at an actuarially determined rate. The approximate required contributions and contribution percentage rates for the current year and two preceding years were as follows:

	<u>Contribution</u>	<u>Rate</u>
2023	\$ 4,944,101	10.29%
2022	\$ 4,604,970	9.80%
2021	\$ 4,267,000	9.53%

Employees' Retirement System

Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS), which is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

7. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Employees' Retirement System (Continued)

Plan Description (Continued)

The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the New York State and Local Employees' Retirement Systems, 110 State Street, Albany, NY 12244, or by referring to www.state.ny.us/retire/publications/index.php.

Funding Policy

The System is noncontributory except for the employees who joined the System after July 27, 1976 who contribute 3% of their salary, for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally must contribute 3% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

The School District is required to contribute at an actuarially determined rate. The required contributions and contribution percentage rates for the current year and two preceding years were as follows:

	<u>Contribution</u>	<u>Average Rate</u>
2023	\$ 1,329,403	12.32%
2022	\$ 1,831,564	11.40%
2021	\$ 1,720,896	14.60%

The School District's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the School District reported a liability of \$5,464,669 (TRS) for its proportionate share of the net pension asset/liability. At June 30, 2023, the District reported a liability of \$6,911,137 (ERS) for its proportionate share of the net pension liability. The net pension liability (ERS) was measured as of March 31, 2023 and (TRS) June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the School District's proportion was .28% for TRS and .03% for ERS.

For the year ended June 30, 2023, the School District recognized pension expense of \$6,836,768 for TRS and \$2,763,270 for ERS.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

7. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, the School District reported deferred outflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 5,726,282	\$ 736,090	\$ 6,462,372
Changes of Assumptions	10,600,534	3,356,494	13,957,028
Net differences between projected and actual earnings on pension plan investments	7,060,871	-	7,060,871
Changes in proportion and differences between employer contributions and proportionate share of contributions	50,657	704,067	754,724
District's contributions subsequent to the measurement date	<u>5,527,668</u>	<u>383,544</u>	<u>5,911,212</u>
	<u>\$ 28,966,012</u>	<u>\$ 5,180,195</u>	<u>\$ 34,146,207</u>

At June 30, 2023, the School District reported deferred inflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 109,502	\$ 194,091	\$ 303,593
Changes of Assumptions	2,201,323	37,096	2,238,419
Net differences between projected and actual earnings on pension plan investments	-	40,603	40,603
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>298,116</u>	<u>63,609</u>	<u>361,725</u>
	<u>\$ 2,608,941</u>	<u>\$ 335,399</u>	<u>\$ 2,944,340</u>

The net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30, 2024	\$ 9,879,123
June 30, 2025	3,233,557
June 30, 2026	(1,086,824)
June 30, 2027	15,391,919
June 30, 2028	3,701,342
Thereafter	<u>82,750</u>
	<u>\$ 31,201,867</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

7. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>TRS</u>	<u>ERS</u>
Covered Payroll	<u>\$ 55,412,086</u>	<u>\$ 14,108,496</u>

TRS Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2022. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.4%
Projected salary increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually
Investment rate of return	6.95% compounded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active members mortality rates are based on plan member experience.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of returns (expected return, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

ERS Actuarial Assumptions

The total pension liability at June 30, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The actuarial valuation used the following actuarial assumptions.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

7. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

ERS Actuarial Assumptions (Continued)

Significant actuarial assumptions used in the valuation were as follows:

Inflation rate	2.9%
Salary increase	4.4%
Projected COLA	1.5%
Investment rate of return	5.9%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2021.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

Rates of Return

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for TRS and ERS are as follows:

<u>Asset Class</u>	<u>TRS</u>	<u>ERS</u>
Domestic equity	6.5%	4.3%
International equity	7.2%	6.85%
Global equities	6.9%	- %
Real estate	6.2%	4.6%
Private equities	9.9%	7.5%
Domestic fixed income securities	1.1%	1.5%
Global fixed income securities	0.6%	- %
High-yield fixed income securities	3.3%	- %
Private debt	5.3%	- %
Real estate debt	2.4%	- %
Opportunistic/absolute return	- %	5.38%
Real assets	- %	5.84%
Cash	- 0.3%	- %
Credit	- %	5.43%

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

7. DUE TO TEACHERS' AND EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.9% ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the School District's proportionate share of the net pension asset/liability calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS), as well as what the School District's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Assumption</u>	<u>1%</u> <u>Increase</u>
<u>TRS</u>			
Employer's proportionate			
Share of the net pension asset (liabilities)	\$ (50,386,812)	\$ (5,464,669)	\$ 32,314,558
<u>ERS</u>			
Employer's proportionate share			
of the net pension asset (liabilities)	\$ (16,701,253)	\$ (6,911,137)	\$ 1,269,645

Pension Plan Fiduciary Net Position

The components of the net pension asset (TRS) and liability (ERS) of the employer as of June 30, 2023 and March 31, 2023, respectively, were as follows (in thousands):

	<u>TRS</u>	<u>ERS</u>
Employers' total pension liability	\$ (133,883,473)	\$ (232,627,259)
Plan fiduciary net position	(131,964,582)	211,183,223
Employers' net pension liability	<u>\$ (1,918,891)</u>	<u>\$ (21,444,036)</u>
Ratio of plan fiduciary net position to the		
employers' total pension liability	<u>98.6%</u>	<u>90.78%</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

8. POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan Description - The School District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided - The School District provides healthcare and life insurance benefits for retirees and their dependants. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

Employees Covered by Benefit Terms - At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	579
Active employees	<u>780</u>
	<u>1,359</u>

B. Total OPEB Liability

The School District's total OPEB liability of \$318,140,383 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases, Including Wage Inflation	Varied by years of service and retirement system
Discount Rate	4.13%
Healthcare Cost Trend Rates	6.75% for 2023 decreasing to an ultimate rate of 4.14% by 2076.
Retirees' Share of Benefit-Related Costs	6.75% for 2023 decreasing to an ultimate rate of 4.14% by 2076.

The discount rate was based on Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the April 1, 2010 - March 31, 2015 NYSLRA experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

8. POSTEMPLOYMENT BENEFITS

B. Total OPEB Liability (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period April, 2010 - March 31, 2015.

C. Changes in the Total OPEB Liability

<u>Balance at June 30, 2022</u>	<u>\$ 307,344,602</u>
<u>Changes for the Year -</u>	
Service cost	9,719,501
Interest	11,101,387
Changes of benefit terms	(823,648)
Differences between expected and actual experience	17,533,724
Changes in assumptions or other inputs	(19,743,192)
Benefit payments	<u>(6,991,991)</u>
Net Changes	<u>10,795,781</u>
 Balance at June 30, 2023	 <u><u>\$ 318,140,383</u></u>

Changes of benefit terms reflect

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54 percent in 2022 to 4.13 percent in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13 percent) or 1 percentage point higher (5.13 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate (4.13%)</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 377,533,889</u>	<u>\$ 318,140,383</u>	<u>\$ 271,211,943</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current healthcare care trend rate:

	<u>1% Decrease</u>	<u>Healthcare Trends (6.75%)</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 265,165,625</u>	<u>\$ 318,140,383</u>	<u>\$ 387,220,052</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****JUNE 30, 2023****8. POSTEMPLOYMENT BENEFITS (CONTINUED)****D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the School District recognized OPEB expense of \$27,931,686. At June 30, 2023, the School District reported deferred inflows and deferred outflows of resources related to OPEB of \$88,502,100 and \$65,957,238 respectively, relating to changes of assumptions or other inputs.

Amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Net Amount of Deferred (Inflows) and Outflows
2024	\$ 7,934,446
2025	9,075,688
2026	(13,471,936)
2027	(12,883,710)
2028	(12,883,710)
Thereafter	(315,640)
	<u>\$ (22,544,862)</u>

9. INDEBTEDNESS**1. Short-Term Debt***Bond Anticipation Notes*

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes are classified as part of the Capital Projects Fund. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Interest on short-term debt for the year was \$4,436.

The following is a summary of maturities and interest rates of the School District's short-term note indebtedness:

<u>Type</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Outstanding June 30, 2023</u>
Bond Anticipation Note	08/11/22	08/11/23	2.75%	\$ 2,074,395
Bond Anticipation Note	12/22/22	12/22/23	3.72%	1,900,000
				<u>\$ 3,974,395</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

9. INDEBTEDNESS (CONTINUED)

2. Long-Term Debt

Serial Bonds and Installment Purchase Debt

The School District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the School District, are recorded in the General Long-Term Debt Account Group. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Interest on long-term debt for the year was composed of:

Interest paid in Governmental Funds	\$ 823,567
Less: Interest accrued in the prior year	(453,685)
Plus: Interest accrued in the current year	<u>413,723</u>
Total long-term debt interest expense included in the statement of activities	<u><u>\$ 783,605</u></u>

3. Changes

The following is a summary of changes to the School District's indebtedness during the year ended June 30, 2023:

	<u>Balance, June 30, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Other</u>	<u>Balance June 30, 2023</u>
Bonds	\$ 22,845,000	\$ -	\$ (2,275,000)	\$ -	\$ 20,570,000
Bond Anticipation Notes	1,642,841	3,974,395	(1,642,841)	-	3,974,395
Operating Leases Payable	225,922	-	-	(51,922)	174,000
Postemployment Benefits	307,344,602	-	-	10,795,781	318,140,383
Net Pension Liability	-	-	-	12,375,806	12,375,806
Compensated Absences	2,200,847	-	-	(375,164)	1,825,683
Workers' Compensation	594,063	-	-	256,627	850,690
	<u>\$ 334,853,275</u>	<u>\$ 3,974,395</u>	<u>\$ (3,917,841)</u>	<u>\$ 23,001,128</u>	<u>\$ 357,910,957</u>

Additions and deletions to compensated absences are shown net as it is impractical to determine these amounts separately.

4. Maturity

The following is a summary of maturities and interest rates of the School District's long-term note indebtedness:

	<u>Type</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Outstanding June 30, 2023</u>
District-Wide Renovation	Serial Bond	06/10/14	06/15/29	2% - 5%	\$ 2,005,000
District-Wide Renovation	Serial Bond	07/02/18	07/01/32	5%	8,570,000
District-Wide Renovation	Serial Bond	06/30/21	06/30/36	2%	5,740,000
District-Wide Renovation	Serial Bond	06/28/22	06/28/37	3.32%	<u>4,255,000</u>
					<u><u>\$ 20,570,000</u></u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

9. INDEBTEDNESS (CONTINUED)

4. Maturity (Continued)

Debt service requirements for general obligation bonds are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2023-2024	\$ 1,720,000	\$ 736,103
2024-2025	1,800,000	664,795
2025-2026	1,860,000	596,479
2026-2027	1,930,000	524,771
2027-2028	2,005,000	450,082
2028-2033	8,390,000	1,134,243
2033-2037	2,865,000	177,622
	<u>\$ 20,570,000</u>	<u>\$ 4,284,095</u>

5. Operating Leases Payable

The District leases various equipment from Capital Region BOCES.

Operating leases payable and the related right-of-use assets are as follows:

2024	\$ 100,734
2025	<u>75,372</u>
	176,106
Amount Representing Interest	<u>(2,106)</u>
	<u>\$ 174,000</u>

10. OTHER

Contingencies and Commitments

Litigation

The School District is a defendant in various legal actions which are pending litigation. Legal counsel has reviewed the contingent liability to the School District for each of these various lawsuits. Legal counsel is of the opinion that the outcome of this litigation will not materially affect the financial position of the School District.

Compensated Absences

The School District does not accrue a liability for accumulating nonvesting sick leave since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, the value for accumulating, nonvesting sick leave is considered a contingent liability.

In the fund statements, only the amount of material liabilities is accrued based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

10. OTHER (CONTINUED)

Other - Risk Financing and Related Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees and natural disasters. The School District insures through commercial insurance companies for the following:

Health Insurance
Life Insurance
Commercial Property

Settled claims have not exceeded this commercial coverage in any of the past three years.

Because of the prohibitive cost of certain insurance, the School District established self insurance reserves to account for and finance its uninsured risks of loss and associated expenses attributing to unemployment, disability and workers compensation claims and judgements. The School District is represented by third-party administrators who process claim payments. At June 30, 2023, the School District has paid substantially all incurred claims, including incurred but not reported claims, and has provided reserves for potential additional assessments as designations of the School District's general fund equity.

Union Contracts

School District employees are represented by collective bargaining agents. Those agents which represent them and the dates of expiration of their agreements are as follows:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
Administrators (SCAA)	6/30/28
Confidential Unit	6/30/24
CSEA	6/30/27
District Office Administrators	6/30/26
SASIE	6/30/26
SCTA	6/30/28
Superintendent	6/30/27
Support Staff Supervisors & Technicians	6/30/24
Teaching Assistants	6/30/24
Teamsters	6/30/26
UPSEU Unit	6/30/24
School Business Administrator	6/30/26

11. TAX ABATEMENT

The School District enters into Payment in Lieu of Taxes ("PILOTS") agreements with some local businesses. PILOTS are often included as part of an Industrial Development Agency ("IDA") agreement with a commercial or industrial development for the purpose of attracting or retaining business within their jurisdictions. PILOT agreements normally provide for payments of amount lesser than would have been collected for real estate taxes for a number of years.

For the year ended June 30, 2023, the School District recognized \$937,383 in PILOT revenue under PILOT agreements. Abated property taxes amounted to \$62,925 under this program.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND REVENUE AND EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #1

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Revenue</u>	<u>Over (Under) Revised Budget</u>
Revenue				
Local Sources				
Real Property Taxes and Tax Items	\$ 77,413,709	\$ 77,413,709	\$ 77,042,120	\$ (371,589)
Charges for Services	1,771,956	1,771,956	1,995,803	223,847
Use of Money and Property	149,000	149,000	1,220,969	1,071,969
Sale of Property and Compensation for Loss	7,500	7,500	91,215	83,715
Miscellaneous	302,000	319,369	950,941	631,572
State Aid				
Basic Formula	22,940,341	22,940,341	21,488,812	(1,451,529)
Lottery Aid	5,150,797	5,150,797	6,891,002	1,740,205
BOCES Aid	1,395,438	1,395,438	1,488,837	93,399
Textbooks	291,280	291,280	292,724	1,444
All Other Aid:				
Computer Software and Hardware Aid, Library Aid, Tuition and Transportation for Students with Disabilities, and Homeless Incarcerated Youth Aid	492,918	492,918	723,245	230,327
Federal Aid	<u>150,000</u>	<u>150,000</u>	<u>159,188</u>	<u>9,188</u>
Total Revenue	110,064,939	110,082,308	112,344,856	2,262,548
Other Sources				
Interfund Transfer	<u>293,946</u>	<u>293,946</u>	<u>325,053</u>	<u>31,107</u>
Total Revenue and Other Sources	110,358,885	110,376,254	<u>\$ 112,669,909</u>	<u>\$ 2,293,655</u>
Appropriated Fund Balance	<u>3,100,000</u>	<u>3,196,756</u>		
Total Revenue and Appropriated Fund Balance	<u>\$ 113,458,885</u>	<u>\$ 113,573,010</u>		

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF GENERAL FUND REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #1 (CONTINUED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
Expenditures					
General Support					
Board of Education	\$ 55,288	\$ 76,513	\$ 74,776	\$ -	\$ 1,737
Central Administration	264,214	331,604	330,752	-	852
Finance	975,199	949,653	930,851	-	18,802
Staff	712,219	727,029	674,662	-	52,367
Central Services	6,985,519	7,351,522	6,776,816	94,863	479,843
Special Items	1,010,755	1,086,187	1,412,980	-	(326,793)
Instruction					
Administration and Improvement	3,188,171	3,177,698	3,105,876	-	71,822
Teaching - Regular School	35,510,280	36,549,385	36,153,376	20,174	375,835
Program for Children with Handicapping Conditions	15,534,540	15,370,644	14,563,296	4,370	802,978
English as a New Language	823,827	826,487	743,516	-	82,971
Occupational Education	461,835	461,835	437,829	-	24,006
Teaching - Special Schools	730,141	824,942	751,027	-	73,915
Instructional Media	2,106,087	2,120,822	2,038,766	5,435	76,621
Pupil Services	4,429,334	4,589,114	4,311,767	9,090	268,257
Pupil Transportation	4,692,407	4,799,519	4,498,831	2,000	298,688
Community Services	86,000	84,000	68,940	-	15,060
Employee Benefits	31,437,124	29,543,029	28,293,642	-	1,249,387
Debt Service					
BANS/Bonds - Principal	3,041,446	3,041,446	3,001,446	-	40,000
BANS/Bonds - Interest	880,499	878,598	828,003	-	50,595
Leases - Principal	-	74,651	74,651	-	-
Leases - Interest	-	1,900	1,885	-	15
Total Expenditures	<u>112,924,885</u>	<u>112,866,578</u>	<u>109,073,688</u>	<u>135,932</u>	<u>3,656,958</u>
Other Uses					
Interfund Transfer	<u>534,000</u>	<u>706,432</u>	<u>2,805,959</u>	<u>-</u>	<u>(2,099,527)</u>
Total Expenditures and Other Uses	<u>\$ 113,458,885</u>	<u>\$ 113,573,010</u>	<u>111,879,647</u>	<u>\$ 135,932</u>	<u>\$ 1,557,431</u>
Excess of Revenue Over Expenditures			<u>\$ 790,262</u>		

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #2

Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB liability:						
Service cost	\$ 9,719,501	\$ 14,531,480	\$ 14,143,119	\$ 9,018,883	\$ 5,399,096	\$ 5,622,419
Interest	11,101,387	8,424,388	8,407,414	9,999,511	8,012,193	7,310,155
Changes in benefit terms	(823,648)	-	(3,838,125)	-	(3,246,772)	-
Difference between expected and actual experience	17,533,724	(584,544)	(12,919,333)	(769,294)	(1,058,574)	-
Changes of assumptions or other inputs	(19,743,192)	(87,391,960)	9,389,997	77,736,605	71,123,974	(10,305,558)
Benefit payments	<u>(6,991,991)</u>	<u>(6,209,279)</u>	<u>(5,751,412)</u>	<u>(5,374,302)</u>	<u>(6,602,881)</u>	<u>(3,833,765)</u>
Net change in total OPEB liability	10,795,781	(71,229,915)	9,431,660	90,611,403	73,627,036	(1,206,749)
Total OPEB liability, beginning of year	<u>307,344,602</u>	<u>378,574,517</u>	<u>369,142,857</u>	<u>278,531,454</u>	<u>204,904,418</u>	<u>206,111,167</u>
Total OPEB liability, end of year	<u>\$ 318,140,383</u>	<u>\$ 307,344,602</u>	<u>\$ 378,574,517</u>	<u>\$ 369,142,857</u>	<u>\$ 278,531,454</u>	<u>\$ 204,904,418</u>
Covered payroll	<u>\$ 61,101,782</u>	<u>\$ 57,996,773</u>	<u>\$ 54,642,523</u>	<u>\$ 56,809,683</u>	<u>\$ 50,235,623</u>	<u>\$ 54,881,820</u>
Total OPEB liability as a percentage of covered payroll	<u>520.7%</u>	<u>529.9%</u>	<u>692.82%</u>	<u>649.80%</u>	<u>554.50%</u>	<u>\$ 373.36%</u>

Note: 10 years of historical information will not be available upon implementation in 2021. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

TRS	SCHEDULE #3									
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	
District's proportion of the net pension asset (liability)	.28%	.28%	.28%	.28%	.28%	.28%	.27%	.27%	.27%	
Proportionate share of net pension asset (liability)	\$ (5,464,669)	\$ 49,333,796	\$ (7,840,863)	\$ 7,252,883	\$ 5,072,762	\$ 2,112,390	\$ (2,916,304)	\$ 28,363,415	\$ 30,484,992	
Covered payroll	\$ 55,412,086	\$ 49,935,411	\$ 47,860,653	\$ 47,435,862	\$ 44,025,339	\$ 46,445,788	\$ 44,742,882	\$ 42,658,297	\$ 41,410,521	
Proportionate share of net pension asset (liability) as a percentage of covered payroll	9.9%	98.8%	16.4%	15.3%	11.5%	4.5%	6.5%	66.5%	73.6%	
Plan fiduciary net position as a percentage of total pension asset (liability)	98.6%	113.2%	97.8%	102.2%	101.53%	100.66%	99.0%	110.5%	111.5%	
ERS										
District's proportion of the net pension asset (liability)	.03%	.03%	.03%	.03%	.03%	.03%	.03%	.04%	.04%	
Proportionate share of net pension asset (liability)	\$ (6,911,137)	\$ 2,682,025	\$ (32,199)	\$ (8,676,804)	\$ (2,431,869)	\$ (1,102,642)	\$ (3,119,651)	\$ (5,708,433)	\$ (1,258,397)	
Covered payroll	\$ 14,108,496	\$ 15,046,478	\$ 14,060,689	\$ 15,378,454	\$ 13,328,068	\$ 11,603,429	\$ 10,888,417	\$ 10,496,685	\$ 11,105,861	
Proportionate share of net pension liability as a percentage of covered payroll	49.0%	17.8%	.2%	56.4%	18.2%	9.5%	28.7%	54.4%	11.3%	
Plan fiduciary net position as a percentage of total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.0%	94.7%	90.6%	98.4%	

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2023

SUPPLEMENTAL SCHEDULE #4

<u>TRS</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 4,944,101	\$ 4,604,970	\$ 4,267,142	\$ 4,948,728	\$ 4,478,164	\$ 5,161,433	\$ 5,571,397	\$ 7,190,636	\$ 6,569,084
Contributions in relation to the contractually required contribution	<u>4,944,101</u>	<u>4,604,970</u>	<u>4,267,142</u>	<u>4,948,728</u>	<u>4,478,164</u>	<u>5,161,433</u>	<u>5,571,397</u>	<u>7,190,636</u>	<u>6,569,084</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 55,412,086	\$ 49,935,411	\$ 47,860,653	\$ 47,435,862	\$ 44,025,339	\$ 46,445,788	\$ 44,742,882	\$ 42,658,297	\$ 41,411,521
Contributions as a percentage of covered-employee payroll	8.9%	9.2%	8.9%	10.4%	10.2%	11.1%	12.5%	16.9%	15.9%
<u>ERS</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Contractually required contribution	\$ 1,328,531	\$ 1,831,599	\$ 1,720,892	\$ 1,721,720	\$ 1,730,314	\$ 1,703,253	\$ 1,657,027	\$ 1,916,083	\$ 2,120,334
Contributions in relation to the contractually required contribution	<u>1,328,531</u>	<u>1,831,599</u>	<u>1,720,892</u>	<u>1,721,720</u>	<u>1,730,314</u>	<u>1,703,253</u>	<u>1,657,027</u>	<u>1,916,083</u>	<u>2,120,334</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,108,496	\$ 15,046,478	\$ 14,060,689	\$ 15,378,454	\$ 13,328,068	\$ 11,603,429	\$ 10,888,417	\$ 10,496,685	\$ 11,105,801
Contributions as a percentage of covered-employee payroll	9.4%	12.2%	12.2%	11.2%	13.0%	14.7%	15.2%	18.3%	19.1%

Note: Information for the years prior to implementation of GASB 68 is unavailable and will be completed each year going forward as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #5

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 113,458,885
Add: Prior Year's Encumbrances	<u>96,756</u>
Original Budget	113,555,641
Budget Revision:	
Miscellaneous	<u>17,369</u>
Final Budget	<u><u>\$ 113,573,010</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2023-24 voter-approved expenditure budget	<u><u>\$ 122,194,702</u></u>
Maximum allowed (4% of 2023-24 budget)	<u><u>\$ 4,887,788</u></u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law *:

Unrestricted fund balance:	
Assigned fund balance	\$ 3,035,932
Unassigned fund balance	<u>5,235,157</u>
Total unrestricted fund balance	<u><u>\$ 8,271,089</u></u>
Less:	
Appropriated fund balance	\$ 2,900,000
Encumbrances included in assigned fund balance	<u>135,932</u>
Total adjustments	<u><u>3,035,932</u></u>
General Fund Fund Balance Subject to §1318 of Real Property Tax Law	<u><u>\$ 5,235,157</u></u>
Actual percentage	<u><u>4.28%</u></u>

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of fund balance subject to §1318 of the Real Property Tax Law is unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance and encumbrances included in committed and assigned fund balance.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #6

Project Title	Expenditures to Date *				Unexpended (Overexpended) Balance
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	
	\$ 2,051,700	\$ 1,251,700	\$ 944,337	\$ -	\$ 307,363
Smart Schools Bond Act					
Colonie Central High School	276,108	4,134,107	255,262	3,026,165	852,680
Sand Creek	140,476	1,319,530	106,152	1,068,910	144,468
Veeder	9,688	72,769	3,348	59,168	10,253
DW Security Camera	100,000	100,000	93,981	6,019	-
Lisha Kill Electrical Transfer	472,000	282,688	204,789	77,899	-
Lisha Kill A/C and Floor Capital Outlay	100,000	100,000	-	99,976	24
Next Generation - Transportation Department	244,715	2,305,343	133,976	1,930,309	241,058
Next Generation - Colonie High School	3,008,794	3,016,740	-	580,080	2,436,660
Next Generation - Lisha Kill Middle School	706,959	717,402	-	146,653	570,749
Next Generation - Sand Creek Middle School	487,913	491,492	-	96,358	395,134
Next Generation - Forest Park Elementary	108,426	108,426	-	20,659	87,767
Next Generation - Roessleville Elementary	162,638	162,638	-	30,989	131,649
Next Generation - Shaker Road Elementary	623,445	627,077	-	122,182	504,895
Next Generation - Veeder Elementary	27,107	28,813	-	6,860	21,953
Next Generation - Saddlewood Elementary	27,107	27,107	-	5,165	21,942
	<u>\$ 8,547,076</u>	<u>\$ 14,745,832</u>	<u>\$ 1,741,845</u>	<u>\$ 7,277,392</u>	<u>\$ 5,726,595</u>

* Includes interfund transfers.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #7

Capital Assets, Net	\$ 57,875,022
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Deduct:

Short-term portion of bonds payable	\$ 1,720,000	
Long-term portion of bonds payable	18,850,000	
Short-term bond anticipation notes payable	3,974,395	
Unamortized bond premium	<u>1,317,975</u>	<u>25,862,370</u>

Investment in Capital Assets, Net of Related Debt	<u>\$ 32,012,652</u>
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SOUTH COLONIE CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #9

	Extraclassroom Activity <u>Funds</u>	Trust Endowment <u>Funds</u>	<u>Total</u>
REVENUES:			
Contributions	\$ 217,977	\$ 54,919	\$ 272,896
Interest	<u>-</u>	<u>654</u>	<u>654</u>
Total Revenues	<u>217,977</u>	<u>55,573</u>	<u>273,550</u>
EXPENDITURES:			
Program Expense	<u>204,488</u>	<u>51,561</u>	<u>256,049</u>
Excess of Revenue Over Expenditures	13,489	4,012	17,501
Fund Balance, Beginning of Year	<u>211,923</u>	<u>130,418</u>	<u>342,341</u>
Fund Balance, End of Year	<u><u>\$ 225,412</u></u>	<u><u>\$ 134,430</u></u>	<u><u>\$ 359,842</u></u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

COMBINED BALANCE SHEET

OTHER SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE #8

	Extraclassroom Activity <u>Funds</u>	Trust Endowment <u>Funds</u>	<u>Total</u>
ASSETS:			
Cash	<u>\$ 225,412</u>	<u>\$ 134,430</u>	<u>\$ 359,842</u>
FUND BALANCE:			
Assigned	<u>\$ 225,412</u>	<u>\$ 134,430</u>	<u>\$ 359,842</u>

FEDERAL AWARD PROGRAM INFORMATION

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MEMBERS OF:
NEW YORK STATE SOCIETY OF
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
South Colonie Central School District
Albany, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of South Colonie Central School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 2, 2023

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
South Colonie Central School District
Albany, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Colonie Central School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section on the accompanying schedule of findings and questioned costs.

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, this report is not suitable for any other purpose.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 2, 2023

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Assistance Listing/ CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Passed Through New York State Education Department:				
Food Service P-EBT (COVID)	10.649	Not Applicable	\$ -	\$ 5,024
<i>Child Nutrition Cluster:</i>				
Food Distribution	10.553- 10.555	Not Applicable	-	155,161
Summer Food Service Program for Children	10.559	Not Applicable	-	1,364,073
Total U.S. Department of Agriculture Passed Through New York State Education Department			-	1,524,258
<u>U.S. Department of Education</u>				
Passed Through New York State Education Department:				
Title I Part D Delinquent Youth	84.010	0016-23-0030	-	108,499
Title I	84.010	0021-23-0030	-	621,309
Title I	84.010	0021-22-0030	-	13,828
Title II Part A	84.367	0147-22-0030	-	19,710
Title II Part A	84.367	0147-23-0030	-	119,123
Title III Part A	84.365	0293-23-0030	-	24,003
Title III Part A	84.365	0293-22-0030	-	13,876
Title III Part A Immigrant	84.365	0149-23-0030	-	71,425
McKinney - Vento Grant	84.196	0212-22-3026	-	635
Title IV Part A	84.424	0204-23-0030	-	28,759
Title IV Part A	84.424	0204-22-0030	-	1,775
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (COVID-ESSER II)	84.425D	5891-21-0030	-	2,031,833
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (COVID-GEER II)	84.425C	5896-21-0030	-	45,781
American Rescue Plan Act (ESSER Part 2)	84.425U	5880-21-0030	-	1,894,139
American Rescue Plan Act (ESSER 5% Lost Instruction)	84.425U	5884-21-0030	-	170,548
American Rescue Plan Act (ESSER 1% After School)	84.425U	5883-21-0030	-	20,350
American Rescue Plan Act (ESSER 1% Summer Learning)	84.425U	5882-21-0030	-	100,002
American Rescue Plan Act (Homeless Children and Youth - Part 1)	84.425W	5212-21-3114	-	3,441
American Rescue Plan Act (Homeless Children and Youth - Part 2)	84.425W	5218-21-0030	-	5,430
American Rescue Plan Act (Homeless Children and Youth - Part 3)	84.425W	5219-21-0030	-	25
<i>Special Education Cluster:</i>				
IDEA Part B Section 611 PL 94-142	84.027	0032-23-0021	-	1,249,072
IDEA Part B Section 611 PL 94-142 - ARPA	84.027X	5532-22-0021	-	186,733
IDEA Pre-School Section 619 PL 99-457	84.173	0033-23-0021	-	46,267
IDEA Pre-School Section 619 PL 99-457 - ARPA	84.173X	5533-22-0021	-	16,916
Total U.S. Department of Education Passed Through New York State Education Department			-	6,793,479
Total Federal Assistance			\$ -	\$ 8,317,737

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained from each program, which are reconciled with the District's financial reporting system.

2. SCOPE OF THE AUDIT PURSUANT TO THE UNIFORM GUIDANCE

South Colonie Central School District is a tax-exempt local government entity. All federal grant operations of the District are included in the scope of the Single Audit.

3. SUBRECIPIENTS/LOAN OR LOAN GUARANTEES

No amounts were provided to subrecipients and there were no loans or loan guarantees at year end.

4. FEDERAL REVENUE RECONCILIATION

Total Federal Revenue Per Fund Financial Statement

General Fund	\$ 159,188
Special Aid Fund	6,798,503
School Lunch Fund	<u>1,519,234</u>
	8,476,925
Less: General Fund Medicaid Revenue	<u>(159,188)</u>

Total Federal Revenue Per Schedule of Expenditures of Federal Awards	<u><u>\$ 8,317,737</u></u>
--	----------------------------

5. INDIRECT COST RATE

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. The District's indirect cost rate is established by the New York State Education Department.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

SECTION I — SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- "Going Concern" explanatory paragraph included in audit report? _____ Yes X No
- Significant deficiency(ies) disclosed? _____ Yes X None reported
- Significant deficiency(ies) reported as a material weakness(es)? _____ Yes X No
- Noncompliance material to financial statements? _____ Yes X No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified? _____ Yes X No
- Significant deficiency(ies) reported for any major programs as a material weakness(es)? _____ Yes X No
- Any known questioned costs reported? _____ Yes X No

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.515(d)(2)?

_____ Yes X No

Identification of major programs:

CFDA Number(s)

84.027

84.173

84.425

Name of Federal Program or Clusters

IDEA Part B Section 611 PL 94-142

IDEA Pre-School Section 619 PL 99-457

Education Stabilization Fund Under the
Coronavirus Aid, Relief and Economic Security Act

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

SECTION II — FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III — FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Current Year Audit Findings:

None

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Prior Year Audit Findings:

None

EXTRAClassroom Activity Fund

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INDEPENDENT AUDITOR'S REPORT

Board of Education
South Colonie Central School District
Colonie, New York

Opinion

We have audited the accompanying financial statements of South Colonie Central School District Extraclassroom Activity Funds ("South Colonie's Extraclassroom Activity Funds"), which comprise the statement of assets and fund balance-cash basis as of June 30, 2023, and the related statement of cash receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Colonie's Extraclassroom Activity Funds as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with the cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Colonie's Extra Classroom Activity Funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about South Colonie's Extraclassroom Activity Funds ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

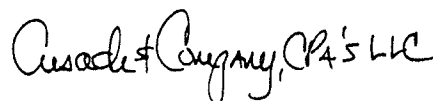
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Colonie's Extraclassroom Activity Funds internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Colonie's Extraclassroom Activity Funds ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
October 2, 2023

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF ASSETS AND FUND BALANCES
RESULTING FROM CASH TRANSACTIONS
JUNE 30, 2023

ASSETS

Cash - Checking Account - Colonie Central High School	\$ 125,096
Cash - Checking Account - Lisha Kill Middle School	61,797
Cash - Checking Account - Sand Creek Middle School	<u>38,519</u>
Total Assets	<u><u>\$ 225,412</u></u>

FUND BALANCES

Fund Balances	<u><u>\$ 225,412</u></u>
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SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS - COLONIE HIGH STUDENT ACTIVITY
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Extraclassroom Accounts	Balance June 30, 2022	Receipts 2022-2023	Disbursements 2022-2023	Balance June 30, 2023
Art Club	\$ 143	\$ 500	\$ 87	\$ 556
Band	2,723	-	939	1,784
Black Student Union	134	654	315	473
Chamber Singers	-	82	-	82
CHAMP (Athletic Media)	1,084	1,869	2,021	932
Class of 2022	5,212	416	5,212	416
Class of 2023	1,500	47,876	49,376	-
Class of 2024	3,231	20,460	16,887	6,804
Class of 2025	414	1,740	95	2,059
Class of 2026	-	5,385	2,765	2,620
DECA	-	500	-	500
ECO Club	225	188	11	402
GSA Pride	893	462	410	945
Hoja/Step	125	-	-	125
Key Club	3,156	2,375	2,638	2,893
Line and Cue	27,824	13,406	20,651	20,579
National Honor Society	3,497	960	1,834	2,623
NYS Sales Tax	-	1,141	2,653	(1,512)
Orchestra	427	5,891	4,891	1,427
Science Club	170	-	-	170
Student Advisory Committee	8,963	3,709	5,633	7,039
Student Senate	17,436	9,990	3,800	23,626
Rougeter	44,949	18,591	12,987	50,553
	<u>\$ 122,106</u>	<u>\$ 136,195</u>	<u>\$ 133,205</u>	<u>\$ 125,096</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS - LISHA KILL STUDENT ACTIVITY
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

Extraclassroom Accounts	Balance June 30, 2022	Receipts 2022-2023	Disbursements 2022-2023	Balance June 30, 2023
Drama Club	\$ 19,851	\$ 7,828	\$ 5,653	\$ 22,026
School Store	3,817	2,763	2,744	3,836
Student Council	31,022	31,217	29,390	32,849
Yearbook	<u>3,192</u>	<u>47</u>	<u>153</u>	<u>3,086</u>
	<u>\$ 57,882</u>	<u>\$ 41,855</u>	<u>\$ 37,940</u>	<u>\$ 61,797</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRAClassroom Activity Funds - Sand Creek Student Activity
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

Extraclassroom Accounts	Balance June 30, 2022	Receipts 2022-2023	Disbursements 2022-2023	Balance June 30, 2023
Art Club	\$ 350	\$ 921	\$ 446	\$ 825
Drama Club	5,607	25,829	21,450	9,986
Engineering Club	216	-	-	216
Greenhouse Club	5,168	-	-	5,168
Student Council	18,563	13,057	11,447	20,173
Yearbook	<u>2,031</u>	<u>120</u>	<u>-</u>	<u>2,151</u>
	<u>\$ 31,935</u>	<u>\$ 39,927</u>	<u>\$ 33,343</u>	<u>\$ 38,519</u>

SOUTH COLONIE CENTRAL SCHOOL DISTRICT
EXTRAClassroom Activity Funds
NOTE TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the South Colonie Central School District. Consequently, such transactions are included in the Other Special Revenue Funds of the School District.

The books and records of the South Colonie Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures recognized when cash is disbursed.

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October 2, 2023

To the Audit Committee
South Colonie Central School District
Albany, New York

We have audited the financial statements of the governmental activities, of South Colonie Central School District for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by South Colonie Central School District is described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no sensitive disclosures affecting the financial statements.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 2, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to South Colonie Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as South Colonie Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

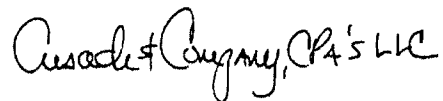
We applied certain limited procedures to the management's discussion and analysis, and other schedules on pages 1-13 and 48-52, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information on pages 53-57 which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of South Colonie School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Cusack & Company, CPAs LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY CPA'S, LLC